



THE OFFICE OF AGRICULTURE

Marc Elrich
County Executive

Jeremy V. Criss
Director

Senate Bill 344 – State Agricultural Land Transfer Tax – Nonagricultural Use Exemption – Repeal

Good afternoon, I am Jeremy Criss, Director of the Montgomery County Office of Agriculture. Preserving farmland in Maryland is expensive and for counties to preserve farmland a steady source of funding is necessary. Agricultural land preservation programs in the State of Maryland are funded by the State Agricultural land transfer taxes and Counties that are certified by the State retain 75 % of the State agricultural land transfer taxes collected from their county. Historically, the amount retained by each certified county was enough to adequately fund the ag preservation programs.

The legislative intent of the State Agricultural Land Transfer tax was to provide a mechanism for tax-payers to recoup the money from a farm being removed from agriculture. The tax assessment for agriculture is much lower than the rates for more intensive land uses. When a farm is sold for development, the State Agricultural Land Transfer Tax is collected and then used by counties and the state to preserve farmland elsewhere. It was an extremely effective mechanism to fund ag preservation across the state. Maryland Tax Code Provision 13-305(a) provides a method to avoid paying the State Ag Transfer Tax if developer changes the assessment of the property from ag to a more intensive use and keep the property in agriculture for at least 5 consecutive years. At the end of the five-year period the State Ag Transfer Tax is waived. The provision greatly diminishes the amount of money collected by counties to preserve farmland.

Senate Bill 344, as proposed by Senators Zucker and Feldman, would eliminate the MD Property Tax Code Provision 13-305(a). With the elimination of this provision, the amount of State ag transfer tax collected by the counties would increase and aid in meeting the funding shortfalls of ag preservation programs.

Preserving farmland in Maryland is one of the most economically sound methods for the State to meet its WIP 3 goal for improving the Chesapeake Bay. The cost of reducing a pound of nitrogen or phosphorus on ag land is orders of magnitude lower than the same pound of reduction from Wastewater treatment plants or from stormwater. Once counties have adequate funding for ag preservation, more farmland will be preserved and continue to reduce nutrients going to the Bay. If Senate Bill 344 is passed, it will aid in the State's effort in meeting the 2025 goal for improving the Chesapeake Bay.